

TOWN OF BRAMAN, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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YEAR ENDED JUNE 30, 2014

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Independent Auditor's Report

The Board of Trustees
Town of Braman, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Braman, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such an opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Braman, Oklahoma as of June 30, 2014, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

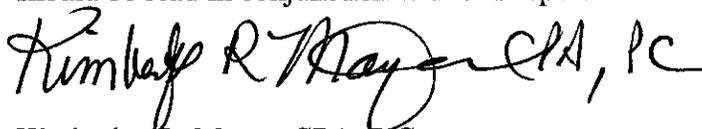
Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2014 on our consideration of the Town of Braman Oklahoma's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
December 29, 2014

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Town of Braman, Oklahoma

We have audited the financial statements of Town of Braman, Oklahoma as of and for the year ended June 30, 2014 and have issued our report thereon dated December 29, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Braman, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Braman, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Braman, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control that there is reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

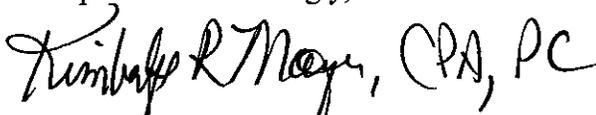
As part of obtaining reasonable assurance about whether Town of Braman, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The Town of Braman, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Braman, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kimberly R. Mayer, CPA, P.C.
Blackwell, OK
December 29, 2014

TOWN OF BRAMAN, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014

Material Weakness in Internal Control Over Financial Reporting: Inadequate Segregation of Duties:

Criteria: The segregation of duties and responsibilities between different individuals and the reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently, the same individual is responsible for water service billings and receiving payments; making and recording deposits; maintaining billing registers; and reconciling the monthly bank statements. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause: The entity's limited size has made it difficult for management to fully segregate the duties.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to the sales and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: The Trustees should evaluate the risks associated with the lack of segregation of duties and consider implementing controls that could mitigate these risks.

Trustee's Response: The Trustees have concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 73,951	\$ 3,588	\$ 77,539
Certificates of deposit	155,418	19,997	175,415
Accounts receivable	7,473	17,392	24,865
Capital assets (Note 2):			
Land	9,198		9,198
Capital assets (net of accumulated depreciation)	319,742	704,614	1,024,356
Total Assets	<u>565,782</u>	<u>745,591</u>	<u>1,311,373</u>
Liabilities:			
Accounts payable			
Noncurrent liabilities (Note 3):			
Customer meter deposits		24,835	24,835
Total Liabilities		<u>24,835</u>	<u>24,835</u>
Net Position:			
Net investment in capital assets,	328,940	704,614	1,033,554
Restricted for:			
Operations			
Deposits		24,835	24,835
Unrestricted	236,842	(8,693)	228,149
Total Net Position	<u>\$ 565,782</u>	<u>\$ 720,756</u>	<u>\$ 1,286,538</u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Function/Program	Program Revenue			Net (Expense) Revenue & Changes in Net Assets		
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General Government	\$ 92,437	\$	\$	\$ (92,437)	\$	\$ (92,437)
Fire protection	36,056	12,458		(18,598)		(18,598)
Street and Alley	6,568			(6,568)		(6,568)
Parks and Recreation	33,208	2,027		(23,549)		(23,549)
Tourism & Economic Development	7,599			(7,599)		(7,599)
Total government activities	<u>175,868</u>	<u>14,485</u>		<u>(148,751)</u>		<u>(148,751)</u>
Business-type activities:						
Electric	223,235				(7,751)	(7,751)
Water	56,620		53,945		43,146	43,146
Sewer	22,199				(15,613)	(15,613)
Sanitation	17,561				1,442	1,442
Total business-type activities	<u>319,615</u>		<u>53,945</u>		<u>21,224</u>	<u>21,224</u>
Total government	<u>\$ 495,483</u>	<u>\$ 299,526</u>	<u>\$ 53,945</u>	<u>\$ (148,751)</u>	<u>\$ 21,224</u>	<u>\$ (127,527)</u>
General Revenues:						
Taxes:						
Sales taxes				57,356		57,356
Franchise taxes				1,862		1,862
Gas and vehicle taxes				2,033		2,033
Other taxes				5,214		5,214
Investment income				207		207
Miscellaneous				7,229	289	7,518
Total general revenues				<u>73,901</u>	<u>289</u>	<u>74,190</u>
				(74,850)	21,513	(53,337)
Change in net position before transfers						
Transfers in (out)				(2,213)	2,213	
Change in net position				(77,063)	23,726	(53,337)
Net position - beginning of year				642,845	697,030	1,339,875
Net position - end of year				<u>\$ 565,782</u>	<u>\$ 720,756</u>	<u>\$ 1,286,538</u>

FUND FINANCIAL STATEMENTS

TOWN OF BRAMAN, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 76,076	\$	\$ 76,076
Certificates of deposit	146,717	8,701	155,418
Accounts receivable	7,093	380	7,473
Total Assets	229,886	9,081	238,967
 Liabilities and Fund Balance:			
Liabilities:			
Accounts payable		2,125	2,125
 Fund balances:			
Nonspendable			
Restricted			
Committed			
Assigned		6,956	6,956
Unassigned	229,886		229,886
Total Fund Balances	\$ 229,886	\$ 6,956	236,842

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$1,065,952, net of accumulated depreciation of \$737,012 are not financial resources and, therefore, are not reported in the funds.

328,940

Net position of governmental activities

\$ 565,782

The accompanying report and notes are an integral part of these financial statements.

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Taxes	\$ 64,432	\$ 2,033	\$ 66,465
Charges for services	5,000	7,632	12,632
Investment income	207		207
Grants and donations	12,458	2,027	14,485
Miscellaneous	7,229		7,229
Total Revenues	<u>89,326</u>	<u>11,692</u>	<u>101,018</u>
Expenditures:			
Current:			
General Government	84,216		84,216
Tourism & Economic Development	7,599		7,599
Fire Department	23,727		23,727
Street and Alley		680	680
Parks and Recreation	5,550	20,285	25,835
Total Expenditures	<u>121,092</u>	<u>20,965</u>	<u>142,057</u>
Excess (deficiencies) of revenues over expenditures	(31,766)	(9,273)	(41,039)
Other Financing Sources (Uses):			
Transfers in (out)	<u>(3,536)</u>	<u>1,323</u>	<u>(2,213)</u>
Net changes in fund balances	(35,302)	(7,950)	(43,252)
Fund balances, beginning of year	<u>265,188</u>	<u>14,906</u>	<u>280,094</u>
Fund balances, end of year	<u>\$ 229,886</u>	<u>\$ 6,956</u>	<u>\$ 236,842</u>
Reconciliation to the Statement of Activities:			
Net changes in fund balances - total governmental funds			\$ (43,252)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital asset purchases capitalized			
Depreciation expense			<u>(33,811)</u>
Change in Net Position of Governmental Activities			<u>\$ (77,063)</u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	<u>Utility Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 3,588
Certificates of deposit	19,997
Accounts receivable	<u>17,392</u>
Total Current Assets	40,977
Noncurrent Assets:	
Other capital assets, net of accumulated depreciation	<u>704,614</u>
Total Assets	<u>745,591</u>
Liabilities:	
Current Liabilities	
Accounts payable	
Noncurrent liabilities:	
Customer meter deposits	<u>24,835</u>
Total Liabilities	<u>24,835</u>
Net Position:	
Net investment in capital assets	704,614
Restricted for:	
Operations	
Deposits	24,835
Unrestricted	<u>(8,693)</u>
Total Net Position	<u>\$ 720,756</u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Utility Fund
Operating Revenues	
Charges for services:	
Electric	\$ 215,484
Water	45,821
Sewer	6,586
Sanitation	19,003
Other income	289
Total Operating Revenues	287,183
 Operating Expenses:	
Electric costs	213,938
Water costs	49,180
Sewer costs	7,866
Sanitation costs	17,561
Depreciation	31,070
Total Operating Costs	319,615
 Operating income (loss)	(32,432)
 Non-Operating Revenues (Expenses):	
Grant income	53,945
Transfer in (out)	2,213
Total Non-Operating Revenues (Expenses)	56,158
 Changes in Net Position	23,726
 Net Position, beginning of year	697,030
 Net Position, end of year	\$ 720,756

The accompanying report and notes are an integral part of these financial statements.

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

Cash Flows From Operating Activities:	
Cash received from customers	\$ 286,738
Cash payments to suppliers for goods and services	(233,069)
Cash payments to employees	<u>(55,816)</u>
Net cash provided (used) by Operating Activities	(2,147)
Cash Flows From Non-Capital Financing Activities:	
Cash Flows From Capital And Related Financing Activities:	
Acquisition or construction of capital assets	(53,945)
Grants	53,945
Transfer in (out)	<u>2,213</u>
Net cash provided (used) by Financing Activities	2,213
Cash Flows From Investing Activities:	
Interest on cash and investments	
(Increase) decrease in CD's	<u>3</u>
Net cash provided (used) by Investing Activities	<u>3</u>
Net increase (decrease) in cash and cash equivalents	69
Beginning cash and cash equivalents	<u>3,519</u>
Ending cash and cash equivalents	<u><u>\$ 3,588</u></u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	\$ (32,432)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	31,070
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(445)
Increase (decrease) in customer deposits	<u>(340)</u>
Net cash provided (used) by operating activities	<u><u>\$ (2,147)</u></u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity

The Town of Braman, Oklahoma (Town) operates under the Town Board of Trustees form of government and provides the following services as authorized by its charter: public safety, streets, public improvements, recreation, planning and zoning, and general administration. The Town's financial reporting entity is composed of the following:

Primary Government: Town of Braman, Oklahoma

Basis of Presentation

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprises fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Town. The reporting entity includes the following special revenue funds all of which are reported as non-major funds:

Street and Alley Fund
Swimming Pool Fund

Proprietary Funds

The enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Utility Fund which is used to account for the activities in providing water, sewer, and sanitation services to the public. The Utility Fund is classified as a major fund.

Measurement Focus and Basis of Accounting

Measurement Focus is a term used to describe "which" transactions are recorded within various financial statements; Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resource measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities associated with their activities are reported. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The proprietary fund utilizes the same measurement focus as the government-wide statements described above except the proprietary fund financial statements include a statement of cash flows and the fund equity is classified as net position.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Equity Classification

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance: This classification includes revenue sources that are restricted to specific purposes internally imposed by creditors, grantors or imposed by law.

Committed fund balance: This classification includes the portion of fund balance that can only be used for specific purposes imposed by a majority vote of the Town's trustees.

Assigned fund balance: This classification includes a portion of fund balance that has been budgeted by the board of trustees.

Unassigned fund balance: This classification includes a portion of fund balance that has not been restricted, committed or assigned for a specific purpose.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Budget Policy and Practice

An annual budget is submitted to the Town Trustees for review, and public hearings are held to address the budget. Once the budget is approved, the Town Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Revenues are budgeted by source, and expenditures are budgeted by department and class as follows: personal services, materials and supplies, other services and charges, and capital outlay. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions are subject to final review by the Town Trustees.

The budget for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these basis.

Budget and Budgetary Accounting

The Town adopts annual budgets for the general and proprietary funds.

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and deposits with a maturity of three months or less.

Fair Value of Financial Instruments

The Town's financial instruments include cash and cash equivalents, certificates of deposit and accounts receivable. The Town's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial statements approximates fair value because of the short maturity of these instruments.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 – PROPERTY AND EQUIPMENT:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2003, government funds' infrastructure assets were not capitalized. For the year ended June 30, 2004 and future years, infrastructure assets will be recorded at cost.

Depreciation of all exhaustible fixed assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

In the fund financial statements, fixed assets acquired for use in governmental fund operations, are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital asset and land activity for the fiscal year ended June 30, 2014 was as follows:

	Balance at <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>June 30, 2014</u>
Governmental activities:				
General government	\$ 278,854	\$	\$	\$ 278,854
Fire protection	450,724			450,724
Parks and Recreation	152,929			152,929
Street and Alley	179,585			179,585
Tourism	3,860			3,860
Totals	<u>1,065,952</u>	<u> </u>	<u> </u>	<u>1,065,952</u>
Less accumulated depreciation:				
General government	176,305	8,221		184,526
Fire protection	383,931	12,329		396,260
Parks and Recreation	85,165	7,373		92,538
Street and Alley	53,940	5,888		59,828
Tourism	3,860			3,860
Totals	<u>703,201</u>	<u>33,811</u>		<u>737,012</u>
Capital assets, net	<u>\$ 362,751</u>	<u>\$ (33,811)</u>	<u>\$</u>	<u>\$ 328,940</u>
Business-type activities:				
Utility system and equipment	\$ 980,572	\$ 53,945		1,034,517
Less accumulated depreciation:	(298,833)	(31,070)		(329,903)
Capital assets, net	<u>\$ 681,739</u>	<u>\$ 22,875</u>	<u>\$</u>	<u>\$ 704,614</u>

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 3 – NON-CURRENT LIABILITIES:

All non-current liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Non-current liabilities of governmental funds are not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

There are no non-current liabilities at June 30, 2014 as the result of governmental activities. The non current liabilities payable from proprietary fund resources consisted of the following:

Refundable utility deposit: \$24,835

The following is a summary of changes in non current liabilities for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Refundable deposits	\$ 25,175	\$	340	\$ 24,835

NOTE 4 – CASH AND DEPOSITS:

The State of Oklahoma allows municipalities to invest in direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts of savings certificates; or county, municipal or school district direct debt.

Cash and deposits are categorized for level of risk as follows:

- Category 1 – Insured or collateralized with securities held by the Town or by its agent in the Town’s name.
- Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Town’s name.
- Category 3 – Uncollateralized

Cash and deposits, categorized by level of risk, at June 30, 2013 are:

	Bank Balance	Category			Carrying Amount
		1	2	3	
Bank accounts	\$ 78,401	\$ 78,401	\$	\$	\$ 33,033
Certificates of deposit	219,921	219,921			219,921
	\$ 298,322	\$ 298,322	\$	\$	\$ 252,954

TOWN OF BRAMAN, OKLAHOMA
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YEAR ENDED JUNE 30, 2014

NOTE 5 – PENSION PLANS:

All firemen of the Town of Braman participate in the Oklahoma Firefighters Pension and retirement System, a multiple public employee retirement system. All firemen of the Town of Braman are eligible to participate in the System. For the year ended June 30, 2014, the Town of Braman contributed \$480 to this retirement plan.

Beginning in August, 1998, all full-time employees are eligible to participate in the Oklahoma Municipal Retirement Fund. The employee contributions were 3% of gross salary. The Town's contributions were 7% of gross salaries which amounted to \$4,413 for the year ended June 30, 2014.

NOTE 6 – ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 7 – RISK MANAGEMENT:

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There were no claims activity for the year just ended.

NOTE 8 – CONTINGENCIES:

As of June 30, 2014, the Town did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS:

The Town has evaluated subsequent events through December 29, 2014, the date which the financial statements were available to be issued.